



***United States Attorney
Southern District of New York***

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**CALIFORNIA MAN PLEADS GUILTY TO \$4 MILLION INSURANCE
FRAUD SCHEME INVOLVING FAKE LLOYD'S OF LONDON POLICIES**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that RICHARD PETERSON, a/k/a "Robert James," pled guilty yesterday afternoon to two felony charges in Manhattan federal court before the United States District Judge DENNY CHIN. Specifically, PETERSON pled guilty to two counts of the pending Indictment against him, including wire fraud and engaging in the business of insurance after having been convicted of a felony.

According to the Indictment, the criminal Complaint filed in the case, and PETERSON's statements at his plea, PETERSON operated a purported insurance brokerage variously called United Restaurant Services, a/k/a "United Restaurant Services Corporation," a/k/a "United Restaurant Services Cooperative," a/k/a "United Restaurant Services, Inc." a/k/a "United Restaurant Insurance Services," a/k/a "California Restaurant Specialty Cooperative, Inc.," (collectively "URSC") located primarily in San Francisco, California, which claimed to

specialize in placing commercial liability insurance for restaurants and bars.

According to the Indictment, from about 2000 through about 2003, PETERSON perpetrated a massive scheme to defraud by inducing various entities, typically restaurants and bars, through their insurance agents, to purchase commercial liability insurance policies through URSC which were fraudulently issued.

According to the Indictment, in connection with this scheme, PETERSON held himself out as an insurance broker with URSC able to place insurance coverage even though his license to engage in the insurance business in California had been revoked. Additionally, PETERSON, acting through URSC, without authorization issued commercial liability insurance policies purportedly placed with underwriters at Lloyd's of London and obtained through two purported insurance brokerages, Surplus Lines, Inc. and Heritage, Inc., both of New York, New York, under the purported authorized signature of "Robert James," according to the Indictment.

According to the Indictment, in connection with this scheme, PETERSON, acting through URSC, collected premium payments for the commercial liability insurance policies purportedly placed with underwriters at Lloyd's which were required to be held in trust until the premiums had been earned. Rather than holding the premiums in trust, however, PETERSON used the

premiums for, among other things, PETERSON's personal expenses.

According to the Indictment and in connection with this scheme, PETERSON, acting through URSC, handled insurance claims, and arranged for the handling of insurance claims, arising under the commercial liability insurance policies purportedly placed with underwriters at Lloyd's, by investigating or causing the claims to be investigated, retaining attorneys to represent underwriters at Lloyd's, and, in certain cases, paying money purportedly in settlement of the claims, all for the purpose of perpetuating the scheme to defraud and without Lloyd's authorization.

Further, PETERSON, acting through URSC, continued to issue commercial liability insurance policies purportedly placed with underwriters at Lloyd's and to collect premium payments for the purported insurance even after agents of Lloyd's informed PETERSON and URSC in writing that PETERSON and URSC lacked authority to issue policies on behalf of underwriters at Lloyds, according to the Indictment.

According to the Indictment and the criminal Complaint, PETERSON, acting through URSC, issued approximately 400 unauthorized insurance policies with Lloyd's of London, collecting in excess of \$4 million in premiums.

The Indictment and Complaint also allege that

PETERSON's California insurance licensing rights were revoked in 1999 after he was accused of running an insurance program for restaurants and bars for which PETERSON obtained insurance policies but then altered the policies in a number of ways, including by fraudulently obtaining additional money from the insureds beyond what was owed for the premiums. According to the Complaint, this revocation of PETERSON's licensing rights in 1999 came after his license had been revoked for cause in 1994 due to, in relevant part, PETERSON soliciting the purchase of certificates of insurance through two entities he owned, AAMB Insurance Agency, Inc. and Bay Area Hospitality Cooperative, Inc., from an insurance company PETERSON owned that was not authorized to transact business in California.

In addition, according to the Indictment and PETERSON's statements during his guilty plea, he engaged in the business of insurance after having been convicted of a felony, specifically bankruptcy fraud in the Northern District of California in or about 2001.

PETERSON, 65, resides in San Francisco, California. As a result of his plea, PETERSON faces a maximum sentence of 20 years in jail for wire fraud and 5 years in jail for engaging in the business of insurance after having been convicted of a felony. In addition each count carries a maximum fine of

\$250,000 or twice the gross gain or loss resulting from the crime. Judge CHIN set October 19, 2005, as the sentencing date for PETERSON.

Mr. KELLEY, a member of the President's Corporate Fraud Task Force, which is headed by Deputy Attorney General JAMES B. COMEY, praised the outstanding efforts of the United States Postal Inspection Service, and thanked the California Department of Insurance and the State of New York Insurance Department for their assistance in the investigation of this case.

Assistant United States Attorneys ALEXANDER H. SOUTHWELL and DANIEL W. LEVY are in charge of the prosecution.

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